

BERWYN DEVELOPMENT CORPORATION
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2018



BERWYN DEVELOPMENT CORPORATION

ANNUAL FINANCIAL REPORT

December 31, 2018

CONTENTS

Financial Section

Independent Auditor's Report	1 -2
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 18

Supplementary Information

Schedule of Program Expenses	19
Schedule of Administrative Expenses	20
Statement of Activities by Designation.....	21

FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Berwyn Development Corporation

We have audited the accompanying financial statements of Berwyn Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Berwyn Development Corporation as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of program expenses, schedule of administrative expenses and statement of activities by designation on pages 19-21 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

JW & Associates, P.C.

Hillside, Illinois

May 10, 2019

BERWYN DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

Assets	
Current assets	
Cash and cash equivalents	\$ 1,124,840
Prepaid expenses	11,381
Accounts receivable	6,569
Miscellaneous receivables	11,969
Escrow accounts - loans	41,411
Escrow accounts - City of Berwyn	733,894
Current portion of long-term receivables	156,618
Total current assets	2,086,682
Property and Equipment	
Computer equipment	49,606
Office equipment and furniture	40,887
Leasehold improvements	44,114
Less accumulated depreciation	(117,375)
Total property and equipment	17,232
Other Assets	
Notes receivable, long-term portion	915,905
Receivable from City	235,642
Total other assets	1,151,547
Total assets	\$ 3,255,461
Liabilities and Net Assets	
Current liabilities	
Accounts payable and accrued expenses	\$ 22,145
Unearned revenues	1,080
Notes payable current portion	764,471
Escrow accounts - loans	41,411
Escrow accounts - City of Berwyn	733,894
Total current liabilities	1,563,001
Long-term liabilities	
Notes payable, long-term portion	305,877
Total liabilities	1,868,878
Net assets	
Without donor restrictions	1,386,583
Total net assets	1,386,583
Total liabilities and net assets	\$ 3,255,461

BERWYN DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	<u>Unrestricted</u>
Revenues and Support	
Administration fees	\$ 815,500
Interest income - loan program	159,326
Interest income	3,493
Memberships	97,299
Program revenues	289,722
Sponsorships	3,000
Special events - Piper Award net of \$6,490 direct expense	4,755
Total revenues and support	<u>1,373,095</u>
Expenses	
Program expense	1,065,454
Administrative expense	<u>173,320</u>
Total expenses	<u>1,238,774</u>
Increase in net assets	134,321
Net Assets Without Donor Restrictions - Beginning of Year	<u>1,252,262</u>
Net Assets Without Donor Restrictions - End of Year	<u><u>\$ 1,386,583</u></u>

See accompanying notes to financial statements

BERWYN DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018

	2018
Cash flows from operating activities	
Increase in net assets	\$ 134,321
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in assets and liabilities:	
Depreciation	5,759
Changes in operating assets and liabilities which provide (use) cash:	
Accounts receivable	(3,969)
Prepaid assets	(1,957)
Miscellaneous receivables	8,501
Receivable from City	(235,642)
Accounts payable and accrued expenses	(51,411)
Unearned income	1,080
	(143,318)
Net cash used by operating activities	(143,318)
Cash flows from investing activities	
Asset acquisitions	(13,285)
Notes receivable - collected	1,243,562
Notes receivable - new notes	(233,674)
Notes receivable - defaults	147,015
	1,143,618
Net cash provided by investing activities	1,143,618
Cash flows Provided by Financing Activities	
Principal payments on loans	(1,214,176)
Proceeds from loans	150,003
	(1,064,173)
Net cash provided/(used) by financing activities	(1,064,173)
Net Increase (Decrease) in Cash and Cash Equivalents	(63,873)
Cash and Cash Equivalents, Beginning of Year	1,188,713
Cash and Cash Equivalents, End of Year	\$ 1,124,840
Supplemental Cash Flow Data	
Cash paid for interest:	\$ 104,918

BERWYN DEVELOPMENT CORPORATION

Notes to the Financial Statements
December 31, 2018

NOTE 1 – NATURE OF BUSINESS

The purpose of Berwyn Development Corporation (“Corporation”) is to serve the residents of the City of Berwyn as a charitable and educational organization by facilitating community development via forums to engage both residents and businesses for long term economic planning.

The Corporation’s primary functions are (1) to encourage communication between the local business community, various business organizations, government officials, educational and recreational bodies, civic and ethnic groups, local service providers and the community residents as a resource planning group for the purpose of identifying community problems and facilitating constructive solutions; (2) to produce and publish material designed to educate residents about community resource and development issues and to promote community spirit and cooperation among the various ethnic and cultural parts of Berwyn; (3) to encourage local businesses and area residents to renovate and improve private property within the community so as to counteract the natural deterioration of the commercial properties and homes due to age and use; and (4) to develop plans and resources intended to improve the overall economic conditions of Berwyn and to encourage local business and employment opportunities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

In fiscal 2018, the Corporation adopted Accounting Standards Update (ASU) 2016-14, Financial Statements of Not-for-Profit Organizations. This ASU requires the Corporation to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Certain additional note disclosures are required including the amounts and purpose of net asset designations by the Board of Directors, amounts of expenses by both their natural classification and their functional classifications, and liquidity information.

Basis of Accounting

The Corporation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenue, other than contributions, is recognized when earned and expense when the obligation is incurred.

Cash and Cash Equivalents

For purposes of these financial statements, the Corporation considers all highly liquid investments, with maturities of three months or less when purchased, to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

BERWYN DEVELOPMENT CORPORATION

Notes to the Financial Statements
December 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The carrying amount of cash and cash equivalents shown in the accompanying financial statements include deposits with various financial institution. The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage up to \$250,000 deposited at an FDIC-Insured bank. At various times throughout the fiscal year, the Corporation may have cash deposits in excess of \$250,000. The Corporation did not occur any losses as of December 31, 2018.

Investments

Investments are recorded at fair value. The fair value of investments is estimated based on quoted market price for those similar investments.

Property and Equipment

Property and equipment are stated at their estimated market value at the date donated or at cost, if purchased. Property and equipment are defined by the Corporation as assets with an initial cost greater than or equal to \$500 and an estimated useful life in excess of one year.

Property and equipment is depreciated using the straight-line method over the following estimated useful lives:

Computer software	3 years
Leasehold improvements	5 years
Furniture and equipment	7 years

When assets are sold or retired, the cost and related accumulated depreciation are removed from the appropriated asset accounts, and any resulting gain or loss is included in operations. The Corporation did not dispose of any assets for the year ending December 31, 2018.

Classification of Net Assets

Net assets of the Corporation are classified as net assets with or without donor restrictions depending on the presence and characteristics of donor-imposed restrictions limiting the Corporation's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Net assets without donor restrictions are not subject to donor-imposed restrictions. Items that affect this net asset category principally consist of fees for services and related expenses associated with the core activities of the Corporation. In addition to these exchange transactions, changes in this category of net assets include unrestricted cash and contributions, investments whose use is unrestricted, and property and equipment. Board designated net assets are net assets without donor-imposed restrictions subject to Board of Directors' imposed stipulations, set aside for specific programs.

BERWYN DEVELOPMENT CORPORATION

Notes to the Financial Statements
December 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net assets with donor restrictions include net assets subject to donor-imposed restrictions that will be met either by actions of the Corporation or the passage of time, and net assets that are subject to donor-imposed restrictions to be maintained permanently by the Corporation. When donor-imposed restrictions are met through the passage of time or by actions of the Corporation, these amounts are reclassified to net assets without donor restrictions. The Corporation has no net assets required by donor-imposed restrictions to be maintained permanently.

Support

Under SFAS No. 116, Accounting for Contributions Received and Contributions Made and ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, contributions received are recorded as net assets with or without donor restrictions depending on the absence or existence and nature of any donor restrictions.

Contributions of cash and other assets received without donor restrictions, are reported as revenue and net assets without donor restrictions when received. Contribution other than cash are recorded at estimated fair value on the date of transfer.

Contributions with donor-imposed restrictions that limits their use are reported as revenues and net assets with donor restrictions. Contributions with donor-imposed time or purpose restrictions that are met in the same period as the contribution are both reported as support without donor restrictions. Other restricted gifts are reported as support and net assets with donor restrictions. When a donor stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions of property and other long-lived assets are reported as revenue and net assets without donor restriction unless explicit donor restrictions specify how such assets must be used, in which case the contributions are reported as revenue and net assets with donor restrictions.

Promises to give in the future are recorded at the present value of estimated future cash flows.

All other income is recorded when earned.

A number of unpaid volunteers, including members of the Board of Directors, have made significant contributions of their time to the Corporation's policy-making, program and support functions. The value of these contributed services has not been recognized in the financial statements as they do not meet the definition of skilled services under the applicable accounting standards.

BERWYN DEVELOPMENT CORPORATION

Notes to the Financial Statements

December 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fundraising

Fundraising costs are charged to expense as incurred. There were no fundraising costs for the year ending December 31, 2018.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from estimates.

Risks and Uncertainties

The investments of the Corporation are comprised of monies invested in money market funds that are exposed to various risks such as interest rates, market factors and other credit risks. Due to the level of risk associated with financial institutions, it is at least reasonably possible that changes in the value of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Custodial Credit Risk

Deposits - Custodial credit risk is the risk that in the event of bank failure, the Corporation's deposits may not be returned to it. As of December 31, 2018, all of the Corporation's bank balances were insured by the FDIC.

Investments - Investment custodial credit risk is the risk that, in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments. The Corporation limits its exposure to custodial credit risk by utilizing various institutions.

Credit Risk

Credit risk is the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The Corporation limits its exposure to credit risk by primarily investing in a variety of financial institutions, where the credit risk is marginal.

BERWYN DEVELOPMENT CORPORATION

Notes to the Financial Statements
December 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest Rate Risk

The interest rate risk is the chance that investments in bonds, also known as fixed-income securities, will suffer as the result of unexpected interest rate changes. The Corporation is not invested in any bonds.

Concentration of Credit Risk

Concentration of credit risk is the risk that the Corporation has a high percentage of their investments invested in one financial institution. The Corporation's investment policy requires diversification of investment to avoid unreasonable risk.

Income Taxes

The Corporation is a not-for-profit corporation and is exempt from the payment of income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Additionally, the Corporation has been determined not to be a private foundation under provisions of Internal Revenue Code Section 509(a). Therefore, management has not identified any uncertain income tax positions to be reported. The Corporation qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). The Corporation did not have any taxable unrelated business income during the year ended December 31, 2018. The Corporation has not been examined by any tax jurisdiction; therefor, all eligible years (2015-2018) are subject to examination.

Subsequent Events

Management has reviewed subsequent events through May 10, 2019, the date on which the financial statements were available to be issued. There were no subsequent events that required adjustment to or disclosure in the financial statements.

NOTE 3 – CASH AND CASH EQUIVALENTS

At year end, the carrying amount of deposits on the books of the Corporation's totaled \$1,124,840 and the bank balance was \$1,155,048.

NOTE 4 – INVESTMENTS

The Corporation's investments consist of monies invested in money market accounts. These deposits are considered to be cash equivalents at December 31, 2018.

BERWYN DEVELOPMENT CORPORATION

Notes to the Financial Statements

December 31, 2018

NOTE 5 – FAIR MARKET VALUE MEASUREMENTS

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Level 1 inputs use quoted prices in active markets for identical assets that the Corporation has the ability to access.

Level 2 inputs use other inputs that are observable either directly or indirectly. These inputs include quoted prices for similar assets in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the assets.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Corporation's assessment of the significance of particular inputs to these fair value measurements require judgement and considers factors specific to each asset.

NOTE 6 – NOTES RECEIVABLE

Notes receivable are payable to the Corporation, and are carried on the Statement of Financial Position at the unpaid principal balance, which approximates fair value. Management believes the entire principal balances are fully collectible, therefore no provision for loan losses is required.

Past due notes are transferred to the City of Berwyn, who would then record the loan as a bad debt. There was one loan transferred to the City of Berwyn for the year ending December 31, 2018.

Notes receivable had a gross value of \$1,072,523 for the year ending December 31, 2018. This includes amounts due from borrowers of record and the City of Berwyn. Interest income on the notes is recognized over the term of the loan on the outstanding principal balance. Payments are applied to principal and interest as calculated based on the date when the actual payment was received. There is no penalty for prepayment of principal. Loan documents indicate that payments are past due 10 days after the due date and will result in a late fee of 5% of the total monthly payment. Loan payments are recalculated annually based on interest rates and ending principal balances.

BERWYN DEVELOPMENT CORPORATION

Notes to the Financial Statements
December 31, 2018

NOTE 6 – NOTES RECEIVABLE (CONTINUED)

The following notes were active for the year ending December 31, 2018:

Original Loan	Beginning Balance	Loans Issued	Principal Payments	Defaulted Loans	Ending Balance	Current Portion
\$1,949,657	\$ 155,161	\$ -	\$ 155,161	\$ -	\$ -	\$ -
300,000	300,000	-	-	-	300,000	-
305,000	53,000	-	53,000	-	-	-
462,864	417,139	83,674	417,139	-	83,674	2,941
208,000	10,002	-	10,002	-	-	-
225,000	224,518	-	12,220	-	212,298	43,008
164,000	147,015	-	-	147,015	-	-
145,000	44,628	-	44,628	-	-	-
150,000	139,875	-	7,594	-	132,281	16,227
558,129	535,422	-	535,422	-	-	-
205,000	202,667	-	6,337	-	196,330	68,136
150,000	-	150,000	2,060	-	147,940	26,306
<u>\$4,822,650</u>	<u>\$2,229,427</u>	<u>\$233,674</u>	<u>\$1,243,563</u>	<u>\$ 147,015</u>	<u>\$1,072,523</u>	<u>\$156,618</u>

Notes outstanding have payment schedules and variable interest rates based on the original note agreements. Note terms are as follows:

- \$300,000 note receivable from the City of Berwyn related to the Berwyn/Roosevelt TIF. Payment of principal is due upon the closing of the sale of a property. Interest accrues on unpaid balances at a rate of 5% per annum and is paid monthly.
- \$83,674 note receivable with monthly principal and interest payments of \$245 for the loan commencing in October, 2018 and final payment of all outstanding liabilities in September, 2023. Interest accrues on unpaid balances at a rate of 7% per annum.
- \$212,298 note receivable with monthly principal and interest payments of \$3,584, for the loan commencing in June, 2010 with final payment of all outstanding liabilities in March, 2021. Interest accrues on unpaid balances at a rate of 7% per annum.
- \$132,281 note receivable with monthly principal and interest payments of \$1,3525 for the loan commencing in February, 2016 with final payment of all outstanding liabilities in January, 2021. Interest accrues on unpaid balances at a rate of 7% per annum.

BERWYN DEVELOPMENT CORPORATION

Notes to the Financial Statements
December 31, 2018

NOTE 6 – NOTES RECEIVABLE (CONTINUED)

- \$196,330 note receivable with monthly principal and interest payments of \$5,678 for the loan commencing in April, 2017 with final payment of all outstanding liabilities in April, 2022. Interest accrues on unpaid balances at a rate of 7% per annum.
- \$147,940 note receivable with monthly principal and interest payments of \$2,192 for the loan commencing in June, 2018 with final payment of all outstanding liabilities in April, 2023. Interest accrues on unpaid balances at a rate of 7% per annum.

Defaulted Loan

A loan in the amount of \$147,015 went into default. The loan was guaranteed by the City of Berwyn and all properties related to the loan and all legal matters related to the loan were turned over to the City of Berwyn. Accordingly, no loss was recorded due to the default.

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

Leasehold improvements	\$ 44,114
Computer software	49,606
Equipment and furniture	40,887
Total	<u>134,607</u>
Accumulated depreciation	<u>(117,375)</u>
Net carrying amount	<u>\$ 17,232</u>

The Corporation purchased assets in the amount of \$13,285 for the year ending December 31, 2018. Depreciation expense for the year ending December 31, 2018 was \$5,759.

NOTE 8 – DONOR RESTRICTED AND BOARD DESIGNATED FUNDS

The Corporation reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When donor restrictions expire, these amounts are reclassified to net assets without donor restrictions and reported in the statement of activities as changes in net assets released from restrictions. The Corporation held no net assets with donor restrictions for the year ending December 31, 2018.

BERWYN DEVELOPMENT CORPORATION

Notes to the Financial Statements
December 31, 2018

NOTE 8 – DONOR RESTRICTED AND BOARD DESIGNATED FUNDS (CONTINUED)

From time to time, the Board of Directors may designate funds to be used for certain purposes, in conjunction with goals of the Corporation. The Corporation's governing board has designated, from net assets without donor restrictions, a total of \$319,725 net assets for the following purposes as of December 31, 2018.

	Unrestricted Designated for Oktoberfest	Unrestricted Designated for Special Events	Unrestricted Designated for Route 66	Unrestricted Designated for Reserve Fund	Total
Board Designations	\$ 129,309	\$ 18,000	\$ 83,580	\$ 88,836	\$ 319,725

The Corporation has no endowments for the year ending December 31, 2018.

Interpretation of Relevant Law

The board of directors of the Corporation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gifts instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriate for expenditure by the Corporation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Corporation and the donor-restricted endowment fund
- General economic conditions
- The possible total return from income and the appreciation of investments
- Other resources of the Corporation
- The investment policies of the Corporation

BERWYN DEVELOPMENT CORPORATION

Notes to the Financial Statements
December 31, 2018

NOTE 9 – LONG-TERM DEBT

Notes Payable – Line of Credit

The Corporation maintained agreements with seven local financial institutions for a \$4,200,000 line of credit. The line of credit is used to fund community renovation and business investment projects. The City of Berwyn is the guarantor of these lines of credit and also has the final approval of all loans under this program. The line of credit balance was \$1,070,348, as of the year ending December 31, 2018. Interest is paid monthly based on each loan agreement. Principal is required to be paid upon maturity of the various loans. The Corporation has elected to prepay loans on a quarterly basis when funds are available.

Notes payable are as Follows:

Financial Institution	Rate	Maturity Date	Balance
Byline Bank	Prime - 1 5% floor	1/24/2019	\$ 152,966
BMO Harris Bank	Prime - 1 5% floor	12/31/2019	152,966
MB Financial Bank	Prime - 1 5% floor	12/5/2022	152,911
Pan American Bank	Prime - 1 5% floor	10/15/2019	153,133
Republic Bank	Prime - 1 5% floor	8/1/2019	153,016
Community Bank of Oak Park River Forest	Prime - 1 5% floor	9/1/2019	152,390
Forest Park National Bank & Trust	Prime - 1 5% floor	5/10/2022	152,966
		Total	<u>\$ 1,070,348</u>

Maturities of Long-Term Debt are as follows:

For the 12 Months Ended, December 31,	
2019	\$ 764,471
2020	-
2021	-
2022	305,877
2023 and thereafter	-
Total	<u>\$ 1,070,348</u>

Lease Commitments

The Corporation rents office space under an operating lease. The Corporation entered into the lease as of January 1, 2015. The lease calls for monthly payments of \$1,060 and extends through December 31, 2019. Rent expense was approximately \$12,720 for the year ending December 31, 2018.

BERWYN DEVELOPMENT CORPORATION

Notes to the Financial Statements
December 31, 2018

NOTE 9 – LONG-TERM DEBT (CONTINUED)

The Corporation leases a copier under a non-cancelable operating lease. The lease calls for monthly payments of \$615 plus incidental expenses, and expires July 31, 2021. Lease expense was approximately \$9,080, for the year ending December 31, 2018.

Future minimum annual lease payments are as follows:

For the 12 Months Ended, December 31, 2019	\$ 20,100
2020	7,380
2021	4,305
Thereafter	-
Total	<u>\$ 31,785</u>

NOTE 10 – ESCROWS

The Corporation controls cash accounts for other entities with the purpose of being a control factor for necessary payments to third parties. In these cases, the Corporation collects money from a community organization or business, holds the funds until a payment is due, and then remits the payment to the third party on behalf of the community member. Although the Corporation has signer privileges on the cash accounts, they do not take ownership of the money and therefore, carry a liability equal to the escrow accounts to offset the carrying value.

NOTE 11 – FUNCTIONAL ALLOCATION OF EXPENSES

Expense are recorded when incurred. Accordingly, expenses have been allocated among the programs and supporting services benefited, based on estimates made by management. The costs of providing various programs and supporting activities have been summarized on a functional basis. A more detailed breakdown of expense can be found in the Supplementary Information section of these financial statements.

The costs of providing the program and support services are reported on a functional basis. Costs are allocated between the various programs and support services on an actual basis, where available, or based upon reasonable methods. Although methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

BERWYN DEVELOPMENT CORPORATION

Notes to the Financial Statements
December 31, 2018

NOTE 11 – FUNCTIONAL ALLOCATION OF EXPENSES (CONTINUED)

Total expenses consisted of expenses relating to program services and support services, in the following manner for the year ended December 31, 2018:

	Loan Program	Promotion of City	Economic Development	Programs Subtotal	Management and General	Total Expenses
Salaries and Benefits	\$ 39,923	\$ 266,151	\$ 239,536	\$ 545,610	\$ 119,768	\$ 665,378
Interest	105,317	-	-	105,317	-	105,317
Services and professional fee	19,698	15,758	31,518	66,974	11,819	78,793
Venues and arrangements	-	158,693	-	158,693	6,825	165,518
Supplies and equipment	1,830	137,264	18,302	157,396	25,622	183,018
Philanthropic	-	7,250	-	7,250	-	7,250
Bank service charges	941	-	-	941	941	1,882
Depreciation	-	-	-	-	5,759	5,759
Office and occupancy	7,757	7,758	7,758	23,273	2,586	25,859
Total expenses	\$ 175,466	\$ 592,874	\$ 297,114	\$ 1,065,454	\$ 173,320	\$ 1,238,774

NOTE 12—COMPENSATED ABSENCES

Compensated absences for personal time have been accrued in the financial statements based on a calculation of earned but unused time at the current applicable rates. There was approximately \$12,179 of compensated absence relating to vacation pay accrued as of the year ending December 31, 2018.

NOTE 13—RETIREMENT PLAN

The Corporation has established a SIMPLE IRA retirement plan for all eligible employees who are not members of a collective bargaining unit, have attained age 21, and have at least 1 year of service. The plan provides that each participant may elect to defer up to the legal limits established by the Internal Revenue Service. The Corporation will match an amount equal to the first 3% of employees' contributions. Matching contributions were \$10,577, for the year ending December 31, 2018.

BERWYN DEVELOPMENT CORPORATION

Notes to the Financial Statements

December 31, 2018

NOTE 14 – ACTIVITIES WITH THE CITY OF BERWYN FUNDING AUTHORIZATIONS

The Corporation cooperates with the City of Berwyn to bring low-interest lending assistance to local businesses. The Corporation provides the required documentation and administers the loan program as noted in Note 6 above. The Corporation manages the City of Berwyn loan program and such loans are reported as part of the City's annual audit. The Corporation also manages the tax increment financing (TIF) projects within the City of Berwyn's four TIF Redevelopment Districts on behalf of and for the benefit of the City of Berwyn.

NOTE 15 – CONCENTRATION OF REVENUES

Approximately 59% of the Corporation's revenue is derived from administration fees derived from the City of Berwyn. The current level of the Corporation's operations and program services may be impacted or segments discontinued if funding is not renewed.

SUPPLEMENTARY INFORMATION



BERWYN DEVELOPMENT CORPORATION
SCHEDULE OF PROGRAM EXPENSES
YEAR ENDED DECEMBER 31, 2018

Program expenses	
Loan program - interest	\$ 105,317
Loan program - legal fees	3,539
Loan program - costs	11,022
Bank service charges	941
Route 66	53,610
Cermak Road events	1,582
Mini putt pub crawl	3,106
BAH, breakfast meeting and luncheons	329
Garage sale	931
Cruise Nites	3,043
Oktober fest	87,849
Special programs	1,000
Annual holiday luncheon	2,074
Annual meeting	2,203
Member seminars	2,966
Philanthropic	7,250
New business task force	3,622
Open banner	14,043
Marketing and promotion	25,022
Resource guide	27,538
Payroll and benefits	545,610
Professional fees	66,973
Insurance	6,134
Office rent	11,448
Utilities	5,691
Other supplies and equipment	34,120
Publications	38,491
	<hr/>
Total program expenses	<u><u>\$ 1,065,454</u></u>

BERWYN DEVELOPMENT CORPORATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
YEAR ENDED DECEMBER 31, 2018

Administrative expenses	
Bank services charges	\$ 941
Board expense	7,492
Supplies and equipment	2,145
Depreciation	5,759
Dues and subscriptions	9,577
General and administrative	6,825
Insurance	682
Office rent	1,272
Payroll and benefits	119,768
Postage and delivery	3,003
Professional fees	11,819
Utilities	632
Website and database development	<u>3,405</u>
 Total administrative expenses	 <u><u>\$ 173,320</u></u>

BERWYN DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES BY DESIGNATION
YEAR ENDED DECEMBER 31, 2018

	Unrestricted	Unrestricted Designated for Depot District	Unrestricted Designated for Oktoberfest	Unrestricted Designated for Special Events	Unrestricted Designated for Route 66	Unrestricted Designated for Reserve Fund	Total
Revenues and Support							
Program revenues	\$ 128,834	\$ -	\$ 97,158	\$ -	\$ 63,730	\$ -	\$ 289,722
Administration fees	815,500	-	-	-	-	-	815,500
Memberships	97,299	-	-	-	-	-	97,299
Sponsorships	3,000	-	-	-	-	-	3,000
Interest income - loan program	159,326	-	-	-	-	-	159,326
Interest income	3,493	-	-	-	-	-	3,493
Special events - Piper Award net of \$6,490 direct expense	4,755	-	-	-	-	-	4,755
Total revenues and support	<u>1,212,207</u>	<u>-</u>	<u>97,158</u>	<u>-</u>	<u>63,730</u>	<u>-</u>	<u>1,373,095</u>
Program expenses							
Loan program - interest	105,317	-	-	-	-	-	105,317
Loan program - legal fees	3,539	-	-	-	-	-	3,539
Loan program - costs	11,022	-	-	-	-	-	11,022
Bank service charges	941	-	-	-	-	-	941
Route 66	-	-	-	-	53,610	-	53,610
Cermak Road events	1,582	-	-	-	-	-	1,582
Mini putt pub crawl	3,106	-	-	-	-	-	3,106
Annual meeting	2,203	-	-	-	-	-	2,203
BAH, breakfast meeting and luncheons	329	-	-	-	-	-	329
Garage sale	931	-	-	-	-	-	931
Cruise Nites	3,043	-	-	-	-	-	3,043
Oktober fest	-	-	87,849	-	-	-	87,849
Philanthropic	7,250	-	-	-	-	-	7,250
New business task force	3,622	-	-	-	-	-	3,622
Special programs	1,000	-	-	-	-	-	1,000
Member seminars	2,966	-	-	-	-	-	2,966
Annual holiday luncheon	2,074	-	-	-	-	-	2,074
Open banner	14,043	-	-	-	-	-	14,043
Marketing and promotion	25,022	-	-	-	-	-	25,022
Resource guide	27,538	-	-	-	-	-	27,538
Payroll and benefits	545,610	-	-	-	-	-	545,610
Professional fees	66,973	-	-	-	-	-	66,973
Rent and occupancy	23,273	-	-	-	-	-	23,273
Other supplies and equipment	34,120	-	-	-	-	-	34,120
Publications	38,491	-	-	-	-	-	38,491
Total program expenses	<u>923,995</u>	<u>-</u>	<u>87,849</u>	<u>-</u>	<u>53,610</u>	<u>-</u>	<u>1,065,454</u>
Administrative Expenses	173,320	-	-	-	-	-	173,320
Total expenses	<u>1,097,315</u>	<u>-</u>	<u>87,849</u>	<u>-</u>	<u>53,610</u>	<u>-</u>	<u>1,238,774</u>
Increase (Decrease) in net assets	114,892	-	9,309	-	10,120	-	134,321
Change in board designation	-	(226,836)	120,000	18,000	-	88,836	-
Net Assets - Beginning of Year	<u>951,966</u>	<u>226,836</u>	<u>-</u>	<u>-</u>	<u>73,460</u>	<u>-</u>	<u>1,252,262</u>
Net Assets - End of Year	<u>\$ 1,066,858</u>	<u>\$ -</u>	<u>\$ 129,309</u>	<u>\$ 18,000</u>	<u>\$ 83,580</u>	<u>\$ 88,836</u>	<u>\$ 1,386,583</u>